

Message Text

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41

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 SS-15 SP-02 L-02 NSC-05 NSCE-00

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DRC-01 RSC-01 COME-00 AGR-05 EPA-01 OES-03 CEQ-01

NSF-01 TAR-01 TRSE-00 /087 W
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R 161225Z DEC 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7995

INFO ALL EC CAPITALS 160

AMEMBASSY ALGIERS

AMEMBASSY RABAT

AMEMBASSY TEL AVIV

AMEMBASSY TUNIS

LIMITED OFFICIAL USE EC BRUSSELS 9907

E.O. 11652: NA

TAGS: ETRD, EEC, IS

SUBJECT: EC MEDITERRANEAN POLICY--ISRAEL

REF: A) EC BRUSSELS 8467

B) TEL AVIV 5791

1. BEGIN SUMMARY: ISRAEL AND THE EC HAVE PRACTICALLY COMPLETED THEIR NEGOTIATIONS. THEY HAVE AGREED ON TARIFF CONCESSIONS AND COMPROMISED ON DUTY RATES FOR ORANGES, BUT THEY HAVE YET TO SETTLE THE QUESTION OF AN ESCAPE MECHANISM FOR THE ISRAELI INDUSTRIAL TARIFFS. THEY HOPE TO CONCLUDE THE AGREEMENT BEFORE CHRISTMAS. END SUMMARY.

2. MOST ISSUES SETTLED: AFTER TWO AND ONE-HALF DAYS OF INTENSIVE DISCUSSIONS, COMMISSION SOURCES INDICATE THAT THEY HAVE NEARLY REACHED FINAL AGREEMENT WITH ISRAEL ON AN ACCORD COVERING TRADE AND FINANCIAL, TECHNICAL, INDUSTRIAL, SCIENTIFIC AND ENVIRONMENTAL COOPERATION. THE SUBSTANCE OF THE PROPOSED AGREEMENT

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MENTAL COOPERATION. THE SUBSTANCE OF THE PROPOSED AGREEMENT

REPORTEDLY REMAINS ALONG THE LINES DESCRIBED IN THE REFTELS. THE EC HAS AGREED TO ISRAEL'S PROPOSAL SCHEDULE FOR DISMANTLING ISRAELI INDUSTRIAL TARIFFS (REF A). FOR ITS PART THE EC WILL ABOLISH ALL ITS DUTIES ON NON-AGRICULTURAL IMPORTS FROM ISRAEL FROM 1 JULY 1977. THE COMMISSION STAFF TOLD US THAT ON AGRICULTURAL PRODUCTS THE REMAINING ISSUE, ISRAELI ORANGES, WAS SETTLED TO PROVIDE ISRAEL WITH A 60 PERCENT TARIFF CUT FROM ENTRY INTO FORCE OF THE AGREEMENT (80 PERCENT CUT, HOWEVER, WITH RESEPECT TO THE THREE NEW MEMBERS STATES), AND PROVISION FOR REEXAMINATION OF THE ORANGE CONCESSION (WITH A VIEW TO 80 PERCENT ACROSS THE BOARD, AS WITH THE MAGHREB) BEBOERE 1 JANUARY 1978. ISRAEL IS REPORTED TO HAVE AGREED TO TARIFF REDUCTIONS OF 15-30 PERCENT ON A LIST OF 10-12 EC AGRICULTURAL EXPORTS.

3. ONE REMAINING PROBLEM: A COMMISSION SOURCE WHO PARTICIPATED IN THE NEGOTIATIONS SAYS THE ONE REMAINING ITEM TO BE SETTLED CONCERNS THE ISRAELI REQUEST FOR AN "INDUSTRIALIZATION CLAUSE.-- AN ESCAPE MECHANISM IN THE INDUSTRIAL TARIFF DISMANTLING SCHEDULE PERMITTING ISRAEL TO MAINTAIN OR RE-INTRODUCE ITS TARIFFS TO PROTECT DEVELOPING INDUSTRIES IN A PARTICULAR SECTOR. THE COMMUNITY MANDATE DOES NOT PROVIDE FOR SUCH AN ARRANGEMENT SO THE COMMISSION MUST SEEK APPROVAL FROM THE MEMBER STATES. THIS IS EXPECTED TO BE HANDLED EXPEDITIOUSLY THROUGH COREPER.

4. NEXT STEP : THE COMMISSION HOPES TO MEET WITH ISRAEL ONCE AGAIN BEFORE THE CHRISTMAS BREAK. ALL THE WORK WILL THEN HAVE BEEN ACCOMPLISHED AND THE NEGOTIATIONS FORMALLY CONCLUDED. SIGNATURE ITSELF WILL AWAIT (A) LEGAL AND TECHNICAL REQUIREMENTS OF PRODUCING THE TEXTS AND (B) TACTICAL CONSIDERATIONS VIS-A-VIS COMPLETION OF NEGOTIATIONS WITH THE MAGHREB, AND SPAIN, SHOULD IT DECIDE SOON TO GET BACK INTO SERIOUS DISCUSSIONS WITH EC. GREENWALD

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